

# Better Homes and Centers



Michigan Department of  
Social Services  
Division of  
Child Day Care Licensing

Vol. 2 Fall 1983

"The Business of Day Care"

## MARKETING THE BUSINESS OF CARING

If you work in child care you wear many hats to insure a smooth functioning day—from plumber to comforter to teacher to cook. The importance of these roles is clearly understood and they are carried out with relative ease but one area many providers feel uncomfortable with is that of marketing. Although marketing sometimes brings up images of crass commercials and "hard sell" sales pitches, it is actually everything you do to make your service(s) visible and attractive to potential customers.

In the business of day care, child care is the product and parents are the consumers. The way consumers perceive your product depends on how you package it. That perception can be positive or negative, accurate or inaccurate. Think, for a moment, of the programs in your neighborhood. What is your opinion of what they do for families and children? How did you get your information? Which programs have the reputation of being "good"? Why? What do they do that you might be able to adapt to your program?

Child care providers often assume that the public values good programs for children. The reality of political commitment and the funding levels for children's services should alert us to the inaccuracy of our assumption. The public has difficulty choosing, supporting, or paying for programs that they have stereotyped perceptions about. It is important to understand some of these attitudes: "Day care weakens the family." "Only poor people use day care." "Family day care homes are better than day care centers or vice versa." "Of course the pay is low, they are only babysitting." Marketing can be a tool to educate the public about the needs of children.

(Continued on page 5)

## DIRECTOR'S CORNER

As many of you know or are finding out, caring for other people's children is more than just "babysitting". In addition to providing a safe and healthy place for young children to stay and finding ways to stimulate a child's intellectual, physical, emotional and social growth, day care represents a business. Expenses such as food, rent, staff, equipment, transportation, inspections, etc. are all part of most child care operations.

In recognition of this fact, Better Homes and Centers' editorial staff have selected this issue and the next to address the business of day care.

The articles referenced in this newsletter are intended to give you a better awareness of how to deal with your day care operation as a business. For some it will represent new information while for others only a reminder of the importance of the business aspects of day care. In any event, the next two newsletters are intended to predominately focus on practical suggestions for dealing with the realities of day care as a business.

Many of you may have experienced certain ways of handling your business that proved very effective. I encourage you to share those experiences with us so we can pass them along to others in future issues of this newsletter.

I also wish to call your attention to the survey located on page 7 of this issue of Better Homes and Centers. I emphasized that I would like to use the newsletter as a communication vehicle between this Division and all child care providers. That continues to be an objective of mine and this survey gives you a chance to communicate pertinent information back to us. Once we tabulate all the responses, we will share the results with you in a future issue of the newsletter.

When it comes to this type of informational survey, a 5-10% return rate is considered good.

(Continued on page 2)

# OF COOKIE JARS AND BUDGET PLANS

The prospect of developing a budget is sometimes overwhelming for child care providers. The thought of organizing the many costs and the often inconsistent income seems as impossible as reaching the cookie jar on the top shelf is to a toddler. But, the cookie jar can be reached and the budget can be planned.

Center providers are used to planning the program for children. Take those skills and apply them to your "financial plan" and the process seems less threatening. The first step is to list all the services you provide; all the programs you offer; and the objectives you want to reach. The best way to do this is to use last year's expenditures. It is best to estimate your income by using the average number of children in attendance for a given period of time. This requires that you keep accurate records of attendance for reference. Be sure to carefully note fluctuations in attendance during holiday and summer seasons. Now you can break the budget down into yearly, monthly, and daily plans.

Salaries and benefits for personnel are the largest budget items. Remember to include sick and holiday pay if you offer them. Substitute pay needs to be included. In-service training costs and staff costs for parent meetings are also included here. Figure salaries on a yearly basis and don't forget to include raises.

The other major budget items will be the building costs—rent, payments, maintenance, and utilities; food, if you serve it; equipment and supplies. When budgeting for the supplies, it is best to budget a small amount beyond replacement to allow for the growth and enhancement of your program.

For the most efficient implementation of your financial plan consider:

- designating only one person to be responsible for the purchasing of supplies;
- designating only one person to be responsible for disbursing the money;
- looking at over-spending as a signal to conserve and underspending as a signal that you are not meeting all your objectives;
- sharing the budget with staff to encourage support of your policies;
- keeping accurate records for next year's plan.

The cookies in that cookie jar will sure taste good!

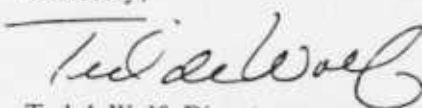
*By Carole Grates  
Center Licensing Consultant, Saginaw*

Director's Corner (Continued from page 1)

We can, however, obtain an even better and more accurate picture of day care in Michigan by getting a **higher** return of all questionnaires. In fact, I would like to see us meet a **goal of 50%** for returned questionnaires. With your co-operation, we should be able to meet this goal without a problem.

Finally, I want to thank all of you who have taken the time to share your thoughts about the newsletter with me or Division Staff. Your response to this newsletter was very encouraging to me and the editorial staff who worked very hard to get the first issue released. We continue to encourage your feedback so we can make it the best communication vehicle possible. In that each of you will be filling out the survey, please take a minute to also make your opinions about the newsletter known to me and the editorial staff by commenting on the bottom of the completed survey.

Sincerely,



Ted deWolf, Director  
Division of Child Day Care Licensing

## EDITORIAL STAFF

Bruce Brown	Home Licensing Consultant
Pat VanDyke	Home Licensing Consultant
Carole Grates	Center Licensing Consultant
Patricia Hearron	Center Licensing Consultant
Judy Levine	Supervisor



# EVERY PENNY COUNTS

Budgeting for a family day care home poses different challenges than operating a day care center. In a center the money received for providing the child care can be recirculated to operate the center. Within a family day care home, money received for child care must be recycled to not only operate the business but also to provide for the needs of the resident family.

To illustrate this I will use my own situation as an example. I have six children of my own, and care for five day care children. The money received from my day care business provides our only means of support. Services provided for one group of children invariably benefit the other, making it difficult to draw a budget line indicating 'yours' and 'ours'. Budgeting becomes a matter of careful record keeping in order to use all the existing resources to the maximum, while keeping donations to Uncle Sam to the minimum.

Careful record keeping requires either a notebook or a calendar that is large enough to make daily entries; a large envelope goes any receipts for supplies purchased, and a double record is available because of the checking account.

It is impractical to purchase one set of food for my own children and another for the day care children. All grocery receipts are saved. I shop once a week and pay for the food with a check. At the end of the year my tax consultant will use the totals of the receipts and the number, of meals served to calculate the food expenses incurred in running the business.

Receipts from other dual operating expenses are also kept. The tax consultant will need stubs to confirm payment of heat bills, water bills, trash removal, telephone and even cable t.v. if used by the day care children. These expenses will be prorated as business expenses.

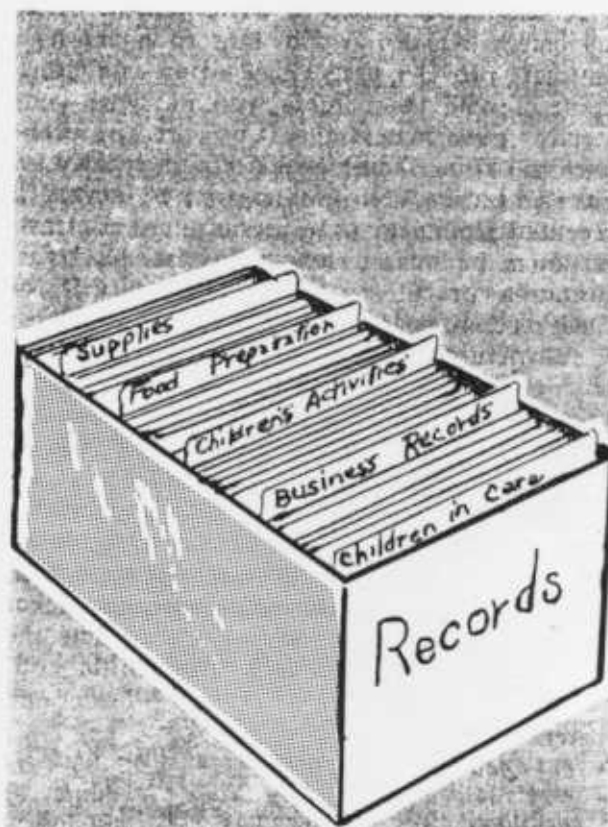
As in a center, it is also necessary in a home to maintain a safe and stimulating environment. I buy crafts and toys on a regular basis throughout the year. All receipts are placed in the envelope. Sometimes, for a large purchase, my day care parents will help with either extra or donated labor. We have a tradition that at Christmas each child gives a gift to the playroom.

New carpeting, a fresh coat of paint in the kitchen, a new vacuum cleaner or repair of the oven are all recorded and used as business deductions at the end of the year.

My own children, ages ten to seventeen, are expected to work in my day care home. They are paid weekly, by check, for their services and learn how to work and budget their resources, while providing me with a legitimate tax deduction. Money that I pay for their services is deductible from my taxable income.

My business is geared to the needs of my two families with most services and expenses being shared and utilized by both groups. Careful record keeping and resource management enable me to provide for the needs of my own children while running a successful business.

*By Ann Clynick  
Family Day Care Provider, Saginaw County*





# GET IT IN WRITING

Perhaps the word "contract" conjures up long pages of legal jargon, in fine print and in triplicate, with lots of references to parties "of the first part." You may have been avoiding contracts, feeling that they required too much extra time and trouble, when in fact written contracts can be a good business tool to simplify your life. And, because a contract is a **business** tool, its use can enhance your image as a business person as opposed to "just a babysitter".

Have you ever had an unpleasant disagreement, or maybe lost a child care customer, because you felt she was taking advantage of you? Have you ever discovered that the new caregiver you just hired had a job description in mind that differed from the one you thought you had filled? A well thought out contract, entered into in advance, could have prevented both situations.

A contract is simply a written form of an agreement between two or more people. As a day care provider you will want to establish a contract with the parents who purchase your service, even when these parents are your friends. You can develop a contract with a caregiver you hire. Your business may be located in a rented facility that requires a rental contract, or you may purchase some service (such as transportation or catered lunches) which call for business contract.

All of these contracts will have certain things in common, although their actual content may vary. All contracts are written or typed legibly, with copies signed and dated by each person involved and distributed to each person. Contracts all specify by name the persons involved; state the time period covered by the agreement and any particular conditions of the agreement. They should also provide some means for mutually agreeing to terminate or renew the contract.

A contract between a day care provider and parent might include:

- *days and hours of care*
- *fees agreed upon and time schedule of payment*
- *additional fees for overtime care, late payment, or to hold a space during a child's absence*
- *who is to furnish meals, bottles, diapers, etc.*
- *circumstances under which contract may be terminated.*

A contract is not the same as a parent handbook or information sheet, although the

handbook may contain expanded versions of many items in the contract. The handbook may also contain your philosophy of child care and policies regarding discipline, nutrition, admission, withdrawal, and parent involvement in decision making. However, the intent of the handbook is to convey information **from** you to your customer. The intent of the contract is to record an agreement **between** you and your customer.

A contract between a day care center operator and a caregiver would include:

- *term of employment (suggestion: one year renewable)*
- *salary, leave, fringe benefits*
- *job responsibilities (hours, specific duties)*
- *"outside" responsibilities (lesson planning, parent conferences, etc.)*
- *mechanism for settling disagreements between employer and employee*
- *provision for termination and/or renewal of contract (e.g. 30 days notice).*

A contract with a landlord should address these issues:

- *use of your rented home for your business*
- *exact space rented (including classroom, toilet, storage, entire home, etc.)*
- *terms for use of outdoor area or other facilities such as kitchen, gym, backyard, community building*
- *time period covered; provision for terminating agreement*
- *amount of rent and due date (late penalty; security deposit, if any)*
- *responsibility for cleaning, repairs, rearranging furniture, lawn care, snow removal, etc.*
- *responsibility for insurance coverage.*

If you include a means of terminating the agreement or put a time limit in the contract, you will have a built-in opportunity to renegotiate the agreement. You may want to add items you forgot the first year, or you may want to remove items that aren't workable. Learning from experience is one way to refine your skills at contract writing. Another way is to share ideas with other providers who may have a fresh approach to similar problems. The Family Day Care Association, Day Care Directors' Support Group, or 4-C in your community are all places to start.

Finally, you might consult some of the references listed elsewhere in this newsletter for additional ideas. Regardless of the size of your business operation—a home with six children or a center with 106—remember it is good business to put your agreements in writing.

*By Patricia Hearron  
Center Licensing Consultant, Saginaw*

## just for "FUNDS"

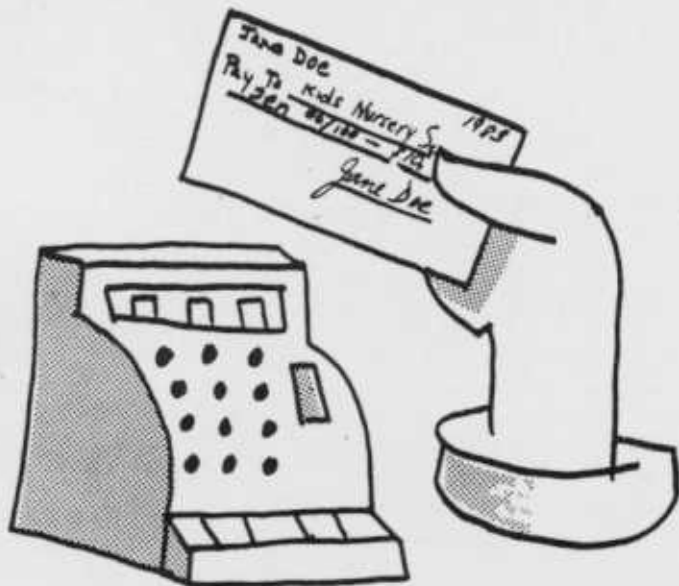
Just for "funds" we've decided to list some fundraising ideas you might like to explore in your center, your day care home association or your community organization. Before you launch your project, keep some general rules in mind:

- know why you are raising funds so you can convince your benefactors;
- decide who you will approach to be contributors;
- keep costs to a minimum by using organization's home-grown talents;
- find a project that the majority of workers support and one that has some fun involved;
- determine how much you need to raise;
- get your message out to the people.

Try some of these for size:

- Sponsor a meat or grocery raffle.
- Collect and recycle paper.
- Hold a play-a-thon or trike-a-thon or bike-a-thon.
- Sponsor a used goods exchange (skis, sports equipment, toys).
- Organize and conduct children's parties.
- Sponsor a lecture, movie, travel night or culture tour.
- Present a fashion show.
- Sponsor a carnival.
- Hold a dance, card party, puppet show.
- Conduct an auction — services, goods, crafts.
- Hold a garage sale (group).
- Sell tickets for donated items.
- Sell box lunches for a local sporting event.
- Hold a wine and cheese tasting party.
- Sponsor movies or story hour during vacations.

C.G.



### How is marketing done?

Some suggestions, based on my own experience as a child care center director, are listed as follows. How many are you already doing?

1. Make a commitment to quality child care. It is easier to "sell" something you believe in.
2. Become visible in the community, join committees, work for children's issues. Make it clear that you, your ideas and your program are proud to be open to public scrutiny.
3. Develop good telephone skills. This is often the first contact the public has with you.
4. Make your program accessible to visitors. Treat them with courtesy.
5. Deliver on promises made to children, parents, staff and the community.
6. Be willing to invest a little money in presenting a professional image; have a simple business card printed, dress neatly, speak clearly.
7. Design a brochure or information sheet that tells prospective customers about your service.
8. Develop a recognizable symbol for your program. You want people to think of children, quality child care, professionalism, caring, and competency every time they see that symbol (logo).
9. Use your logo on everything you use to promote your program such as flyers, posters, brochures, booklets, letterhead, newsletters.
10. Develop contacts with the local news media. Keep them informed of your activities and accomplishments. Be a resource to them. Learn to write press releases and public service announcements.
11. Take pictures of the children in your program. (Be sure to get written parental permission to take and use the pictures.) Put up displays in public buildings and stores, etc.
12. Use every fundraiser, open house, or other program event to provide free literature to the public about children's issues and about your program.
13. Participate in your professional organizations. They are a support system for you, a network of current information and resources, and help you demonstrate a professional image to the public.

Marketing does not have to be expensive. Using all the free community resources and information systems is one way to keep the cost of promoting your program down.

By Mary E. Wehking  
Director, Washtenaw County 4C

# RESOURCES ON THE BUSINESS ASPECTS OF:

## DAY CARE CENTERS

- **Dollars and Sense** by Robert Jones, Welfare Research Incorp., 112 State Street, Albany, N.Y. 12207 (126 pages)
  - **Day Care Accounting and Day Care Costs**, Gryphon House, 3706 Otis St., Mt. Ranier, Md. 20822. \$4.00
  - **Child Care Information Exchange**, C-44, Redmond, Washington, 98052. Write for listing of "how to" articles available and costs.
  - **Small Business Administration Publications**, % Superintendent of Documents, USGPO, Washington, D.C. 20402. (SBA publishes a large number of financial management materials for small profit businesses, examples are "Budgeting in a Small Service Firm", "Keeping Records in a Small Business", "A Handbook of Small Business Finance", "Getting the Facts for Income Tax Reporting", and Insurance Checklist for Small Businesses".)
  - **Administration (day care)**, Send \$1.25 to Superintendent of Documents, U.S. Gov't. Printing Office, Washington, D.C. 20402. Stock No. 1791-0161
  - **Day Care Personnel Management**, Southern Regional Educational Board, 130 Sixth St. N.W., Atlanta, Ga. 30313 (1979) \$7.95
- Administration of Schools for Young Children**, Phyllis Click, Delmar Publishers - 1975.
- **Day Care** by E. Belle Evans, Beacon Press.
  - **Administration of Schools for Young Children** by Phyllis Click, Delmar Publishers.
  - "Some Tips on Budgeting" by Esther R. Buch, in **Mobile Training for Directors of Day Care Centers**, Preschool and Child Care Administration.

## FAMILY DAY CARE HOMES

- "Your Family Day Care Home - The Business Aspects" (booklet 16 pages), Send 89¢ to Ingham Co. O.Y.C., 403 West Greenlawn, Lansing, Mi.
- "Practical Considerations of Running a Family Day Care Home", (booklet 44 pages) Send \$2.00 to Kent Co. 4-C, 1432 Wealthy, S.E., Grand Rapids, Mi. 49506.
- "Business Use of Your Home", I.R.S. Publication 587. Write IRS, P.O. Box 611, Bellesville, MD. 20705
- "Family Day Care As A Business", Family Day Care Exchange (of information and ideas). Booklet 11 p. 95. Robert Crom, Cooperative Extension Service, Iowa State University, Ames, Iowa 50011
- **Family Day Care**, Superintendent of Documents, U.S. Gov't Printing Office, Washington, D.C. 20402. \$1.90; Stock No. 1791-00188.
- **Calendar Keeper 1983** (recordkeeping system \$5.50 plus shipping & handling, Toys 'N Things Press (address below)
- **Business Ideas**, (guide to family day care record keeping). \$3.50 plus shipping and handling. Toys 'N Things Press, 906 North Dale, St. Paul, MN 55103.
- **Tax and Audit Guide for Family Day Care and "Getting It All Together"** (recordkeeping guide). \$8.95. Quality Child Care Press, P.O. Box 324, Mound, MN 55364.
- "Helps and Resources for the Family Day Care Provider" (90 pages). Send \$3.00 to M.S.U. Bulletin Office, P.O. Box 231, Lansing, MI. 48823-0231.

*By Bruce Brown  
Family Day Care, Consultant  
Grand Rapids*

This is the first of a two-part series on the Business of Day Care. The next issue will discuss insurance, liability, taxes, and record-keeping. Based on your responses to the tear off in the previous issue, Programming for Special Groups will be the theme for the following issue. We look forward to receiving from you, resources you have found helpful, articles and more, relating to those topics mentioned above.

The Department of Social Services will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, handicap, or political beliefs.

## Child Care Chuckles

After a swimming session at the YMCA, dressing the preschoolers 3 to 5 years of age; packing their wet suits and towels; getting their underwear, shoes and socks on and having them wait for each other is quite a chore—but worth it!

Following one such session, Tanya was carefully dressed by her teacher while the rest of the group waited and watched. When the last article of clothing was put on, and hair carefully combed, Jennifer quietly piped-up, "Mrs. Stapleton how come you dressed Tanya in my clothes today?"

*Submitted By Alva Dworkin  
Center Licensing Consultant  
Oakland*

## SURVEY

In order to help the Division obtain more general information about homes and centers throughout Michigan, please complete this survey and return it to the address below. Your response will make us more aware of the state of the art and will ultimately be shared with you in a future issue. Use a separate sheet to expand your answers if desired.

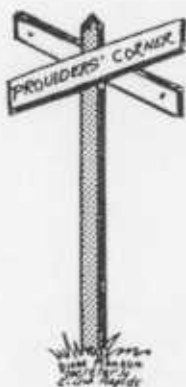
1. Are you a home \_\_\_\_ group home \_\_\_\_ center \_\_\_\_
2. How long have you been in operation? \_\_\_\_
3. Are you in a rural \_\_\_\_ small town \_\_\_\_ urban area \_\_\_\_
4. What age groups do you serve? \_\_\_\_
5. What is the licensed capacity? \_\_\_\_
6. How many children do you serve part time \_\_\_\_ full time \_\_\_\_ total \_\_\_\_
7. Approximately what % capacity do you operate at? \_\_\_\_ 100% \_\_\_\_ 75 - 100%  
\_\_\_\_ 50 - 75% \_\_\_\_ 50% or below
8. Has your enrollment decreased \_\_\_\_ increased \_\_\_\_ or remained the same \_\_\_\_ from 1 year ago to today?
9. Do you have a waiting list? Yes \_\_\_\_ No \_\_\_\_ If yes, how many? \_\_\_\_
10. What fees do you charge? \_\_\_\_
11. Are you providing special services such as transportation \_\_\_\_ night time care \_\_\_\_ weekend care \_\_\_\_ after school program \_\_\_\_ infant program \_\_\_\_ drop in \_\_\_\_
12. Have you added or deleted any of these services? Yes \_\_\_\_ No \_\_\_\_  
If yes, which ones? Why? \_\_\_\_
13. Are you involved in a food program? Yes \_\_\_\_ No \_\_\_\_  
If not, why? \_\_\_\_
14. Do you accept DSS tuition paid children? Yes \_\_\_\_ No \_\_\_\_ If not, why? \_\_\_\_
15. What ways have you found to cut costs? \_\_\_\_

Thank you for your cooperation in completing this survey. Please return to:

Judy Levine  
Division of Child Day Care Licensing  
300 S. Capitol, P.O. Box 30037  
M.S.A. Building  
Lansing, MI 48909



# OTTAWA COUNTY



Sandy Barkel, family day care provider, shared some activities she does with children when it is too cold or wet to go outside.

I put a large white sheet over a cardboard table and we all sit under it and nibble on raisins, small animal crackers, or apple slices. Of course the kids bring their favorite toy or book and sometimes we read a story. It gives them a sense of adventure!

The kids also love to hang clothes on a line I tie from a closet doornob to a chair. They all get a handful of clothespins (the wooden kind) and some washcloths and small towels. It not only improves their manual dexterity but they laugh and giggle when the towels fall off! As in any activity with children, make sure you either watch or participate with them!



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